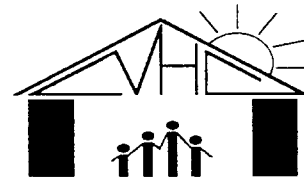


Coachella Valley Housing Coalition

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April 6, 1999

Office of the Fiscal Assistant Secretary
U.S. Department of Treasury, Room 2112
1500 Pennsylvania Avenue, N.W.
Washington, DC 20220

Dear Evaluator:

The Coachella Valley Housing Coalition (CVHC) is writing to urge the Treasury to *prohibit* check cashers and other "payment service providers" from providing recipients access to electronic federal benefits, as part of EFT '99. Check cashers prey upon low-income consumers, and deny their customers the consumer protections provided at mainstream financial institutions.

CVHC is a non-profit organization which provides affordable permanent housing to low-income families and individuals in the rural Coachella Valley. In our 17-year history, we have provided 1,500 units of housing, including 13 apartment complexes (five designated for farmworkers), and over 400 homes built by families under our Self-Help program.

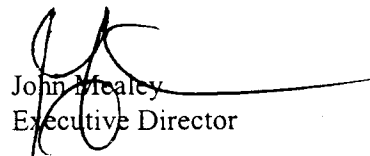
Treasury began EFT '99 with the stated goal of bringing the unbanked into the financial mainstream. Allowing check cashers to be the access point for federal benefits recipients to receive their funds, however, does exactly the opposite. Check cashers force consumers to pay excessive fees for transactions that should be available to them at a reasonable cost. For example, in California, check cashers charge an annual percentage rate of almost 400 percent for a payday loan. With interest rates this high, recipients are prevented from having access to their benefits at a reasonable cost.

Check cashers also provide few consumer protections that they would receive if they banked at a federally-insured financial institution. If federal benefits recipients have an account with such fringe bankers, check cashers may withhold federal funds as payment for past sums owed to the check casher.

By allowing check cashers to provide access to federal funds, Treasury will not only condone, but encourage the abusive practices of check cashers. While customers will go to the check casher to receive their federal benefits, she may also become a potential customer for numerous other abusive transactions. The number of check cashers has doubled since 1990, and is steadily growing. This profitable industry makes no reinvestment back into the low-income communities in which they operate.

It is time Treasury made EFT '99 a program that truly protects consumers and ensures that low-income recipients are not relegated to a position outside the financial mainstream. We urge to prohibit arrangements wherein recipients of electoral federal payments gain access to benefits through non-depository payment service providers.

Sincerely,


John McKeale
Executive Director

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